

**UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS**

IN RE:

SONUS NETWORKS, INC. LITIGATION	)	
	)	
	)	
	)	
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THIS DOCUMENT RELATES TO ALL CASES	)	CIVIL ACTION NO.
(not consolidated at this time)	)	04-10294-DPW
		04-10307-DPW
		04-10308-DPW
		04-10309-DPW
		04-10310-DPW
		04-10314-DPW
		04-10329-DPW
		04-10333-DPW
		04-10345-DPW
		04-10346-DPW
		04-10359-DPW
		04-10362-DPW
		04-10363-DPW
		04-10364-DPW
		04-10382-DPW
		04-10383-DPW
		04-10384-DPW
		04-10454-DPW
		04-10576-DPW
		04-10597-DPW
		04-10612-DPW
		04-10623-DPW
		04-10714-DPW

**JOINT STATUS REPORT AND PROPOSED SCHEDULE**

By Order dated April 30, 2004, this Court scheduled a status/scheduling conference for the above-captioned cases on **June 28, 2004 at 2:30 p.m.** In accordance with the April 30, 2004 Order, counsel have conferred regarding matters to be discussed at the scheduling conference and a proposed schedule for the case concerning the various motions to consolidate, motions for appointment of lead plaintiff(s) and lead counsel, filing of amended

pleadings, motions to dismiss, and a plan of discovery. Counsel hereby submit this Joint Status Report reflecting the proposed schedule.

## I. SUMMARY OF CASE

### A. Initial Class Action Complaints

Beginning on February 12, 2004, twenty related securities class action lawsuits (the "Securities Action") were filed in this Court against Sonus Networks, Inc. ("Sonus" or the "Company"), a provider of packet voice infrastructure solutions for wireline and wireless service providers headquartered in Westford, Massachusetts, and certain individuals, namely, Hassan M. Ahmed, the Company's President and Chief Executive Officer and Stephen J. Nill, Sonus' former Chief Financial Officer, Vice President of Finance and Administration, and Treasurer. The actions claim violations of sections 10(b) and 20(a) of the Securities Exchange Act of 1934, 15 U.S.C. §§ 78j(b) and 78t(a), and Rule 10b-5 promulgated thereunder.<sup>1</sup>

Pursuant to stipulations filed with this Court beginning on March 19, 2004 (the "Stipulations"), the parties agreed that Defendants need not respond to the initial complaints filed with the Court, but shall respond to the Consolidated Complaint as discussed below. The Stipulations also provided that Defendants accepted service of the initial complaints filed

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<sup>1</sup> The actions allege various class periods. Eleven of the 20 class actions pending against Sonus and the individual defendants allege a class period of June 3, 2003 through and including February 11, 2004; 5 of the 20 allege a class period of April 9, 2003 through and including February 11, 2004; 1 of the 20 alleges a class period of June 5, 2003 through and including February 11, 2004; 1 of the 20 alleges a class period of April 9, 2003 through and including February 12, 2004; 1 of the 20 alleges a class period of July 11, 2003 through and including February 11, 2004; and 1 of the 20 alleges a class period of May 12, 2003 through and including March 26, 2004. The class period that will ultimately govern this action will be determined at a later date. Specifically, after the Court appoints the Lead Plaintiff and Lead Counsel in this action, a consolidated complaint will be filed which will set forth the class period to govern the action.

A few of the pending class actions also name as defendants Paul R. Jones, Sonus' Vice President of Engineering; Edward N. Harris, Sonus' Vice President of Manufacturing; J. Michael O'Hara, Sonus' Vice President of Marketing; and Ruben Gruber, Sonus' founder and Chairman of the Board of Directors.

in this action as of the date of the stipulation or the date of personal service upon Defendants, whichever occurred earlier.

It is anticipated that Defendants will move to dismiss the actions pursuant to Fed. R. Civ. P. 12(b)(6).

**B. Motions For Consolidation, Appointment Of Lead Plaintiff, And Approval Of Lead Counsel In Securities Actions**

On April 12, 2004, twelve separate motions for consolidation, appointment of lead plaintiff, and appointment of lead counsel were filed with this Court.<sup>2</sup> Subsequently, four movants withdrew their lead plaintiff applications. Thus, eight lead plaintiff applications are currently pending before this Court. Of those eight movants, six filed memoranda in further support of their motions for lead plaintiff and in opposition to other movants' applications on April 26, 2004. Each of these six movants filed reply memoranda with this Court in further support of their lead plaintiff applications on May 10, 2004.<sup>3</sup>

**C. The Derivative Actions**

Three shareholder derivative actions (the "Derivative Actions") are also pending before this Court.<sup>4</sup> The Derivative Actions assert claims against certain of the Company's officers and directors based on similar factual allegations giving rise to the Securities Actions. Plaintiffs allege that the Defendants have harmed the Company by, *inter alia*, causing it to issue false and misleading financial statements, incurring defense costs, and diminishing its

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<sup>2</sup> No party has opposed consolidation of the actions.

<sup>3</sup> Specifically, the following six parties filed memoranda and reply memoranda in further support of their lead plaintiff applications: BPI Global Asset Management LLP, Global Undervalued Securities Master Fund, The Farhat Group, James Brower, Brad Rollow, and Mohammed Akhtar.

<sup>4</sup> The Derivative Actions are *Williams v. Ahmed et al.*, 1-04-CIV-10359 DPW, *Burk v. Ahmed et al.*, 1-04-CIV-10384 DPW, and *Pisnoy v. Ahmed et al.*, 1-04-CIV-10576 DPW.

market value, and seek damages on the Company's behalf for breach of fiduciary duty, gross negligence, and insider trading.

**D. Motions For Stay, Consolidation, And Appointment Of Lead Counsel In The Derivative Actions**

**1. Motions to Stay**

On March 22, 2004, Defendants moved to stay or, alternatively, to dismiss *Williams* in deference to a shareholder derivative action based on similar facts which is currently pending in Massachusetts Superior Court, captioned *Palma v. Ahmed*, No. 04-0753-BLS. The *Palma* action is itself the subject of a pending motion to dismiss, which was heard by the Business Litigation Session of the Superior Court on June 11, 2004. On April 12, 2004, counsel in *Williams* stipulated with Defendants to stay *Williams* pending a determination on Defendants' Motion to Dismiss in the state court action. On April 2, 2004, Defendants moved to stay *Burk* on the same grounds, but *Burk* has opposed the motion. That motion is fully briefed. Defendants also intend to file a motion to stay *Pisnoy* on the same grounds. The Defendants' responsive pleading in *Pisnoy* is not due to be filed until June 30, 2004.

**2. Motions For Consolidation And Appointment of Lead Counsel**

On April 27, 2004, Plaintiff *Williams* moved for consolidation of the Derivative Actions and for appointment of his counsel as lead counsel and liaison counsel. On May 11, 2004, Plaintiff in *Burk* opposed *Williams'* application, and filed her own motion for consolidation and appointment of her counsel as lead and liaison counsel. On May 11, 2004, Plaintiff in *Pisnoy* filed a response in opposition to *Williams'* motion.<sup>5</sup> On May 25, 2004, Plaintiff *Pisnoy* filed a response in opposition to *Burk*'s motion, reiterating his concern as to the propriety of consolidation of his action with *Williams*, and requesting that his counsel be appointed into the leadership structure of any consolidated Derivative proceedings. On May 24, 2004, Plaintiff *Williams* filed a Reply to Plaintiff *Pisnoy* and Plaintiff *Burk*'s opposition.

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<sup>5</sup> Plaintiffs *Burk* and *Pisnoy* oppose consolidation of their actions with *Williams* to the extent such consolidation would subject them to the voluntary stay agreed to by *Williams*.

On May 25, 2004, Defendants filed a response to the motion to consolidate in *Burk*. The motions are now fully briefed.

## **II. PROPOSED SCHEDULE**

### **A. Proposed Pre-Trial Schedule**

#### **1. Briefing On Lead Plaintiff And Consolidation Motions**

The parties understand that at the status/scheduling conference on June 28, 2004 at 2:30 p.m., the Court will address the pending motions for (1) consolidation, for appointment of lead plaintiff, and for appointment of lead counsel in the Securities Actions and (2) consolidation and appointment of lead counsel in the Derivative Actions. The parties agree that the Securities Actions and the Derivative Actions should be the subject of separate consolidation orders.

#### **2. Filing Of Consolidated Complaint And Motion To Dismiss Briefing**

##### **a. Securities Actions**

Consistent with the Stipulations previously filed by the parties, the parties propose that following an Order of this Court consolidating the related actions and appointing lead plaintiff(s) and lead counsel: (a) Lead Plaintiff(s) shall file and serve a single Consolidated Complaint within sixty (60) days of the date of the Court's Order appointing lead plaintiff(s) and lead counsel; and (b) Defendants shall file and serve their Answer or Motion to Dismiss within forty-five (45) days of service of the Consolidated Amended Class Action Complaint.

The parties further propose that: (a) If Defendants file a Motion to Dismiss, Lead Plaintiff(s) shall file and serve their memorandum in opposition to the Motion to Dismiss within forty-five (45) days of service of the Motion to Dismiss; and (b) Defendants shall file

and serve their reply memorandum in further support of their Motion to Dismiss within twenty-one (21) days of service of Lead Plaintiff's opposition.

**b. Derivative Actions**

Plaintiffs in the Derivative Actions shall file and serve a single Consolidated Derivative Complaint within sixty (60) days of the date of the Court's Order consolidating the Derivative Actions and appointing lead counsel; and (b) Defendants shall file and serve their Answer or Motion to Dismiss within forty-five (45) days of service of the Consolidated Derivative Complaint.

The parties further propose that: (a) If Defendants file a Motion to Dismiss, Plaintiff(s) shall file and serve their memorandum in opposition to the Motion to Dismiss within forty-five (45) days of service of the Motion to Dismiss; and (b) Defendants shall file and serve their reply memorandum in further support of their Motion to Dismiss within twenty-one (21) days of service of Plaintiffs' opposition.

**B. Plan For Discovery**

**1. Securities Actions**

Defendants' anticipated filing of motions to dismiss will trigger a stay of all discovery in this action under the Private Securities Litigation Reform Act of 1995 (the "PSLRA"). The parties respectfully submit that until this Court resolves motions to dismiss, it is premature to establish a plan of discovery. Plaintiffs reserve the right to seek leave of court to propound discovery as they deem appropriate.

**2. Derivative Actions**

Plaintiffs in the Derivative Actions intend to propound discovery or seek leave to propound discovery at either the June 28, 2004 hearing or shortly thereafter. Defendants will

oppose any such discovery and will seek a stay of discovery on essentially the same grounds as they advanced in the *Palma* action. The Court in *Palma* granted Defendants' motion and stayed all discovery on May 18, 2004.

#### **D. Other Actions Which May Be Subject To Consolidation**

The parties are not aware of any actions besides those captioned above which are subject to consolidation.<sup>5</sup>

Dated: June 18, 2004

Respectfully submitted,

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<sup>5</sup> As discussed herein, the parties agree that the Securities Actions and Derivative Actions should be subject to separate consolidation orders.

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Dated: June 17, 2004

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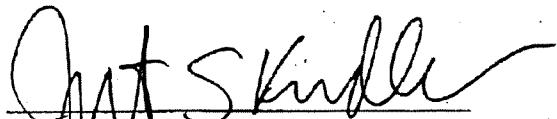
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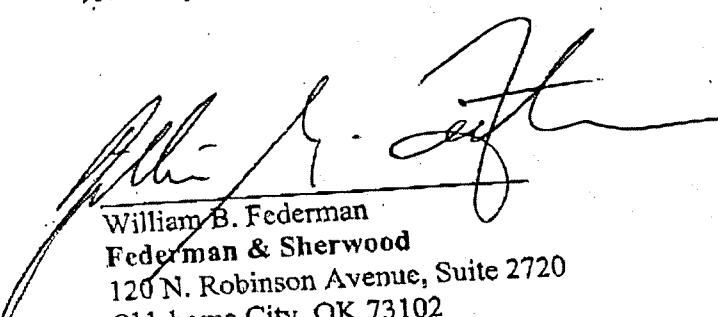
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